29 September, 2022

Africa Opportunity Fund Limited
("AOF" or the "Company", or the "Fund")
Half Yearly Report for the Six Months ended 30 June 2022

The Board of Directors of Africa Opportunity Fund Limited is pleased to announce its unaudited results for the 6 month period to 30 June 2022. The full half yearly report for the period ended 30 June 2022 will be sent to shareholders and will be available soon on the Company's website: www.africaopportunityfund.com.

Highlights:

- AOF's Ordinary share net asset value per share of US$1.003 as at 30 June 2022, generating a total return of -4.7% from the 31 December 2021 net asset value per share of US$1.052.
- As at 30 June 2022, AOF's investment allocation for its Ordinary Shares was all equities.
- AOF's shareholders voted on 29 June 2022 to extend the realisation period of its portfolio from 30 June 2022 to 30 June 2024.
- AOF's Ordinary Shares net asset value per share on 31 July 2022 was US$0.96.
- AOF mandatorily redeemed 4.57 million shares for an aggregate consideration of $4.5 million in July 2022.

Manager's Commentary:

Market Conditions

AOF's total return in H1 2022 was -4.7%. As a reference, during this period in USD the S&P fell 20%, Brazil rose 1%, Russia fell 19%, India fell 13%, and China fell 8%. In Africa, South Africa fell 8%, Egypt fell 34%, Kenya fell 25%, and Nigeria rose 26%. Three Africa-focused exchange traded funds – the Lyxor Pan Africa ETF (LGQM GY), the DBX MSCI Africa Top 50 (XMAF LN), and Van Eck Africa Index (AFK US), fell, respectively, 15%, 17%, and 16%.

Ordinary Shares Portfolio Highlights

AOF made progress realising and distributing the proceeds from its less liquid portfolio holdings during H1 2022. The Russian invasion of Ukraine, rising global inflation, an appreciating US Dollar, and the spate of China Covid-19 lockdowns casting a pall on commodity demand were the proximate global causes for the sharp market declines of H1 and the depreciation of African currencies like the CFA Franc and the Egyptian Pound. The Ghanaian Cedi's 23% depreciation against the US Dollar, however, was primarily driven by internal factors such as sharp rises in Cedi-denominated debt yields and the Ghana government's loss of access to the Eurobond markets as the spread on its Eurobonds soared comfortably above 1,000 basis points over US government bonds to place them in the distressed debt category. The Fund sold its entire holding of Societe de Caoutchous de Grand-Bereby, sold most of its Letshego shares, and a modest amount of its Copperbelt holdings. All the disposals were made in the market.

The remaining holdings of the Fund are, as a generalisation, very illiquid. Three of them accounted for 68% of the Fund's H1 losses. Some commentary on them is in order. We intend to pursue a combination of block trades plus the occasional corporate transaction to effect an orderly realisation of the remaining portfolio.

Enterprise Group's shares, in H1, gained 18% in Cedis but fell 8% in US Dollars. It released its annual report and its Q1 and Q2 2022 results. Enterprise Group faces the deep uncertainties of a Ghana negotiating its 17th program with the International Monetary Fund. Enterprise's H1 2022 net profits belonging to its shareholders, year-on-year, rose by 29% in Cedis and 5% in US Dollars. Operating expenses, H1-on-H1, rose 19% versus a 29% increase in net insurance premia in the same period. However, investment income was stagnant and benefits and claims rose by 42%, year-on-year. It is displaying resilience in US Dollars. Enterprise's shares trade on a P/E ratio of 6.5x and a P/B ratio of 0.82x, with a return on average equity of 13%. Enterprise's US Dollar track record of book value per share change and dividends paid between 2001 and 2021, despite an 88% depreciation of the Cedi, was a 39x multiple. Over time, against this macroeconomic stress, it should continue to grow its revenues and profits.

Copperbelt Energy executed a new 13-year Bulk Supply Agreement with ZESCO in H1. Its execution (two years in the making since the 2020 expiry of the old Bulk Supply Agreement) allows Copperbelt and ZESCO to plan their capital expenditure programs over a long period, as befits the capital-intensive electricity sector. At Copperbelt's current share price of ZMW 3.5/share (corresponding to $369 million market capitalization and an enterprise value of $295 million), Copperbelt trades on a P/E ratio of 5.6x, a gross dividend yield of 14.27%, and a P/B ratio of 1.05x. Its annualised return on assets is 8.8% and its annualised return on equity is 17.5%. Copperbelt's H1 2022 results were strong: total energy transmitted through its networks rose 7% to 3461 GWh; revenues rose 12%, EBITDA rose 11%, cash generated from operations rose 16%, net profits rose 18% to $30 million, and its net cash balance rose 27% to $106 million. In sum, Copperbelt is a net cash electric utility of improving fortunes.

Zimbabwean inflation continues to rise rapidly. It is now over 200%. Its currency dropped sharply in the parallel market. The proximate causes were, in all likelihood, the rocketing costs of fuel and grain imports. Consequently, the valuations of First Mutual Properties and Mashonaland Holdings fell sharply in US Dollars. The Fund's property holdings preserve purchasing power in the long run in an economy suffering from foreign currency shortages and hyperinflation.

Extraordinary general meeting of the Fund's shareholders

The Fund held an extraordinary general meeting in June 2022 to determine whether to extend the realisation period of the Fund. Consistent with the Fund's investment policy, the Investment Manager sought to maximise sales proceeds from the Fund's portfolio. However, the pace of disposal was slower than anticipated because of the negative impacts on valuation and liquidity of some of the Fund's holdings arising from unexpected developments like the covid pandemic and the Ukraine war and, in some cases, company-idiosyncratic events. The Investment Manager's response was to delay disposals until its estimates of intrinsic value were approached in market valuations. The Fund's NAV performance benefited substantially from this response. A majority of the Fund's shareholders voted to extend the Fund's realisation period to June 2024.

Strategy

The Fund is in the process of realising its holdings. The Investment Manager's approach is to combine a steadfast quest to realise the approximate appraisal or intrinsic value of each security together with opportunistic sales. A distribution was made in July 2022 in the form of a compulsory share redemption worth $4.5 million. The portfolio is now comprised of illiquid holdings and we are looking to the extension period to effectuate a realising of the remaining portfolio.

On Behalf of the Investment Manager, Africa Opportunity Partners LLC.

Responsibility Statements:

The Board of Directors confirm that, to the best of their knowledge:

a. The financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

b. The Interim Investment Manager Report, and Condensed Notes to the Financial Statements include:

   i. a fair review of the information required by DTR 4.2.7R (indication of important events that have occurred during the first six months and their impact on the financial statements, and a description of principal risks and uncertainties for the remaining six months of the year); and

   ii. a fair review of the information required by DTR 4.2.8R (confirmation that no related party transactions have taken place in the first six months of the year that have materially affected the financial position or performance of the Company during that period).

Per Order of the Board

28 September, 2022

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Notes	For the period ended 30 June 2022	For the period ended 30 June 2021
		USD	USD
Income			
Net gains on investment in subsidiaries at fair value through profit or loss	6(a)	-	9,437,363
		-	**9,437,363**
Expenses			
Net losses on investment in subsidiaries at fair value through profit or loss	6(a)	**1,022,622**	-
Realisation fee		**25,000**	149,395
Other operating expenses		**56,576**	44,590
Directors' fees		**35,000**	35,000
Audit and professional fees		**66,670**	67,228
		1,205,868	296,213
(Loss)/income for the period attributable to equity holders		**(1,205,868)**	9,141,150

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022	30 June 2021
		USD	USD
ASSETS			
Cash and cash equivalents	8	**50,103**	39,604
Investment in subsidiaries at fair value through profit or loss*	6(a)	**24,823,222**	24,557,221
Receivable from related party	7	**186,985**	116,675
Other receivables	7	**1,123**	1,257
Total assets		**25,061,433**	24,714,757
EQUITY AND LIABILITIES			
LIABILITIES			
Trade and other payables	10	**190,108**	221,833
Total liabilities		**190,108**	221,833
Net assets attributable to shareholders		**24,871,325**	24,492,924
Ordinary share capital		247,878	247,878
Share premium		6,451,469	6,440,920
Retained earnings		18,171,978	17,804,126
Total equity		**24,871,325**	24,492,924
Net assets value per share:			
- Ordinary shares		**1.003**	0.988

*The investment in subsidiares at fair value through profit or loss include the investment in the Master Fund - Africa Opportunity Fund L.P.

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	Share Capital	**Share Premium**	**Retained Earnings**	**Total**
	USD	**USD**	**USD**	**USD**
At 1 January 2022	247,878	6,451,469	19,377,846	26,077,193
OPERATIONS:				
Total comprehensive income for the period	-	-	(1,205,868)	(1,205,868)
At 30 June 2022	**247,878**	**6,451,469**	**18,171,978**	**24,871,325**

AFRICA OPPORTUNITY FUND LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

	For the period ended 30 June 2022	For the period ended 30 June 2021
	USD	USD
Operating activities		
(Loss)/income for the period	**(1,205,868)**	9,141,150
Adjustment for non-cash items:		
Net losses/(gains) on investment in subsidiaries at fair value through profit or loss	**1,022,622**	(9,437,363)
Cash used in operating activities	**(183,246)**	(296,213)
Net changes in operating assets and liabilities		
Reduction in investments in subsidiaries at fair value through profit or loss	**249,500**	7,453,896
Increase in loan receivable from related party	**(37,433)**	(33,346)
Increase in other receivables	**6,739**	6,259
(Decrease)/increase in trade and other payables	**(6,926)**	74,016
Net cash generated from operating activities	**211,880**	7,500,825
Financing activities		
Redemption of ordinary shares	**-**	(7,203,973)
Cash used in financing activities	**-**	(7,203,973)
Net increase in cash and cash equivalents	**28,634**	639

Cash and cash equivalents at 1 January	**21,469**	38,965
Cash and cash equivalents at 30 June	**50,103**	39,604

1. GENERAL INFORMATION

Africa Opportunity Fund Limited (the "Company") was launched with an Alternative Market Listing "AIM" in July 2007 and moved to the Specialist Fund Segment ("SFS") in April 2014.

Africa Opportunity Fund Limited is a closed-ended fund incorporated with limited liability and registered in Cayman Islands under the Companies Law on 21 June 2007, with registered number MC-188243. The Company is exempted from registering with CIMA under the Private Funds Act of the Cayman Islands given that it is listed on the SFS of the London Stock Exchange which is approved by CIMA.

The Company aims to achieve capital growth and income through investment in value, arbitrage, and special situations investments in the continent of Africa. The Company may therefore invest in securities issued by companies domiciled outside Africa which conduct significant business activities within Africa. The Company has the ability to invest in a wide range of asset classes including real estate interests, equity, quasi-equity or debt instruments and debt issued by African sovereign states and government entities.

The Company's investment activities are managed by Africa Opportunity Partners LLC, a limited liability company incorporated in the Delaware, United States and acting as the investment manager pursuant to an Amended and Restated Investment Management Agreement dated 13 June 2022.

To ensure that investments to be made by the Company and the returns generated on the realisation of investments are both effected in the most tax efficient manner, the Company has established Africa Opportunity Fund L.P. (the "Master Fund") as an exempted limited partnership in the Cayman Islands. All investments made by the Company are made through the limited partnership. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited includes 100% of Africa Opportunity Fund (GP) Limited.

The financial statements for the Company for the half year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 28 September 2022**.**

Presentation currency

The financial statements are presented in United States Dollars ("USD"). All figures are presented to the nearest dollar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The Company satisfied the criteria of an investment entity under IFRS 10: Consolidated Financial Statements. As such, the Company no longer consolidates the entities it controls. Instead, its interest in the subsidiaries has been classified as fair value through profit or loss, and measured at fair value. This consolidation exemption has been applied prospectively and more details of this assessment are provided in Note 4 "significant accounting judgements, estimates and assumptions." The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention except for financial assets and financial liabilities measured at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Although these estimates are based on management's knowledge of current events and actions, actual results ultimately may differ from those estimates. In additional to the following: All assets have been assessed for impairment regardless of whether any indicators for impairment were identified; and all possible liabilities that might arise from the winding up of the Company have been accrued for. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

As the entity is not a going concern due to the limited life, the directors have considered an alternative basis of preparation but believe that IFRS as a basis for preparation best reflects the financial position and performance of the entity. The carrying value of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the year end and consideration has been given to whether any additional provisions are necessary as a result of the decision to deregister. It is expected that all assets will realise at least at the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

The Company presents its statement of financial position in order of liquidity.

The Company's financial statements include disclosure notes on the Master Fund, Africa Opportunity Fund L.P. given that the net asset value of the Master Fund is a significant component of the Investment in subsidiaries of the Company. These additional disclosures are made in order to provide the users of the financial statements within an overview of the Master Fund performance.

Foreign currency translation

(i) Functional and presentation currency

The Company's financial statements are presented in USD which is the functional currency, being the currency of the primary economic environment in which both the Company operates. The Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is USD. The Company chooses USD as the presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of the exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Company classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

For the Company, financial assets classified at fair value through profit or loss upon initial recognition include investment in subsidiaries.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial instruments at fair value through profit or loss in accordance with IRFS 9 – Financial Instruments.

Management concluded that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments on a fair value basis. Accordingly, consolidated financial statements have not been prepared.

(ii) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost comprise 'other receivables, receivables from related party' and 'cash and cash equivalents' in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Company includes in this category amounts relating to trade and other payables and dividend payable.

(b) *Initial Recognition*

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(c) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(d) Subsequent measurement

The Company measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'.

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Company measures it investments in subsidiaries at fair value through profit or loss at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the entity would expect to receive, taking into account cash flows from credit enhancements. The Company considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At the reporting date, other receivables, loan receivables from related party and cash and cash equivalents are de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Shares that impose on the Company, an obligation to deliver to shareholders a pro-rata share of the net asset of the Company on liquidation classified as financial liabilities

The shares are classified as equity if those shares have all the following features:

(a) It entitles the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation.

The Company's net assets are those assets that remain after deducting all other claims on its assets. A pro rata share is determined by:

(i) dividing the net assets of the Company on liquidation into units of equal amount; and
(ii) multiplying that amount by the number of the shares held by the shareholder.

(b) The shares are in the class of instruments that is subordinate to all other classes of instruments. To be in such a class the instrument:

(i) has no priority over other claims to the assets of the Company on liquidation, and
(ii) does not need to be converted into another instrument before it is in the class of instruments that is subordinate to all other classes of instruments.

(c) All shares in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing Company to deliver a pro rata share of its net assets on liquidation.

In addition to the above, the Company must have no other financial instrument or contract that has:

(a) total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company (excluding any effects of such instrument or contract) and

(b) the effect of substantially restricting or fixing the residual return to the shareholders.

The shares that meet the requirements to be classified as a financial liability have been designated as at fair value through profit or loss on initial recognition.

Dividend expense

Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2020, they did not have a material impact on the financial statements of the Company.

3.1. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Company would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of Directors.

	Effective for accounting period beginning on or after
Amendments to IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023

The Company does not expect that the adoption of these standards will have any material impact on the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

At the Extraordinary General Meeting ("EGM") of the Company held on 29 June 2022, the shareholders voted in favor of a Continuation Resolution which extended the life of the Company, with the current Investment Policy remaining in place, to 30 June 2024. If the assets of the Company are not realised over the period of the extension, the Directors will formulate and revert to Shareholders in 2024 further proposals to continue, reorganise or reconstruct the Company or to wind up the Company.

The Company will continue to return sums to Shareholders by way of compulsory redemption, repurchase of Ordinary Shares in the market or such other method as determined by the Directors.

Below is a brief synopsis of the "New Investing Policy" as approved with the passage of the Continuation Resolution and consistent with the Company's Circular dated 5 June 2019, updated to reflect the two-year continuance:

For a period of up to two additional years following the 29 June 2022 Extraordinary General Meeting (the "Extended Return Period"), the Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will continue to adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital. It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio is comprised of some liquid equity holdings, the Company's portfolio is weighted to somewhat illiquid investments and it may take the Investment Manager some time to realise these. Shareholders will be provided with an opportunity to reassess the investment policy and distribution policy if investments remain unrealised at the end of the Extended Return Period. Subsequent to the disposal of the investments, the Company will be liquidated, which indicates that it will no longer be a going concern. IAS 1 - Presentation of Financial Statements and IAS 10 - Events after the reporting period require that the financial statements should not be prepared on a going concern basis if management determines that it intends to liquidate the entity. The directors have considered an alternative basis of preparation but believe that International Financial Reporting Standards ("IFRS"), as a basis for preparation, best reflects the financial position and performance of the Company. The extension of the Company through 30 June 2024 further supports this methodology.

The carrying value of the of the assets, which were determined in accordance with the accounting policies, have been reviewed for possible impairment and changes which have occurred since the half-year and consideration has been given to whether any additional provisions are necessary as a result of the decision to eventually deregister. It is expected that all assets are fairly valued and will realise at, or near, the amounts at which they are included in the statement of financial position and there will be no material additional liabilities.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar.

Assessment for an investment entity

An investment entity is an entity that:

(a) Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
(b) Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
(c) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity must demonstrate that fair value is the primary measurement attribute used. The fair value information must be used internally by key management personnel and must be provided to the entity's investors. In order to meet this requirement, an investment entity would:

- Elect to account for investment property using the fair value model in IAS 40 Investment Property
- Elect the exemption from applying the equity method in IAS 28 for investments in associates and joint ventures, and
- Measure financial assets at fair value in accordance with IFRS 9.

In addition an investment entity should consider whether it has the following typical characteristics:

- It has more than one investment, to diversify the risk portfolio and maximise returns;
- It has multiple investors, who pool their funds to maximise investment opportunities;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Board considers that the Company meets the definition of an investment entity as it invests solely for returns from capital appreciations, investment income or both, and measures and evaluates the performance of its investments in subsidiaries on a fair value basis. In addition, the Company has more than one investors and the major investors are not related parties of the Company. The Company also has an exit strategy given that it is a limited life entity, realising its investments at the end of the Return Period of 3 years as per the 'New Investment Policy'. Accordingly, consolidated financial statements have not been prepared. IFRS 10 Consolidated Financial Statements provides "investment entities' an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measures the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

Assumptions and Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of mathematical models.

Fair value of financial instruments

The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy.

The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument (without modification or repackaging) or based on any available observable market data. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety as provided in Note 6. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. To assess the significance of a particular input to the entire measurement, the Company performs sensitivity analysis or stress testing techniques.

5a. AGREEMENTS

Investment Management Agreement

Effective 1 July 2022, the Company and the Investment Manager have, upon the approval of the Reorganisation Resolution at the EGM in June 2022, entered into the Amended and Restated Investment Management Agreement which amends the fees payable to the Investment Manager as follows:

Management fees

The management fee shall be reduced to 1 per cent of the Net Asset Value per annum for the two years of the Extended Return Period (the period of up to two years following the EGM held in June 2022).

The Investment Manager's entitlement to future performance fees (through CarryCo) has been cancelled and CarryCo's limited partnership interest in the Limited Partnership will be transferred to the Company for nominal value in the last year of the Extended Return Period, that being 2024.

The revisions to the arrangements with the Investment Manager, constitute a related party transaction under the Company's related party policy, and in accordance with that policy, the Company was required to obtain: (i) the approval of a majority of the Directors who are independent of the Investment Manager; and (ii) a fairness opinion or third-party valuation in respect of such related party transaction from an appropriately qualified independent adviser.

The realisation fee for the financial period under review amounts to **USD 25,000** (2021: USD 149,395) of which **USD 25,000** (2021: USD 32,500) relates to accrued realisation fees, management and performance fees for the financial period under review were nil (2021: nil).

Administrative Agreement

SS&C Technologies is the Administrator for the Company. Administrative fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Custodian Agreement

A Custodian Agreement has been entered into by the Master Fund and Standard Chartered Bank (Mauritius) Ltd, whereby Standard Chartered Bank (Mauritius) Ltd would provide custodian services to the Master Fund and would be entitled to a custody fee of between 18 and 25 basis points per annum of the value of the assets held by the custodian and a tariff of between 10 and 45 basis points per annum of the value of assets held by the custodian. The custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

Prime Brokerage Agreement

Under the Prime Brokerage Agreement, the Master Fund appointed Credit Suisse Securities (USA) LLC as its prime broker for the purpose of carrying out the Master Fund's instructions with respect to the purchase, sale and settlement of securities. Custodian fees are expensed at the Master Fund level and have been included in the NAV of the subsidiary.

5b. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AT THE MASTER FUND LEVEL

Africa Opportunity Fund LP (the "Master Fund") is incorporated in the Cayman Islands and is not subject to regulatory review. Management has voluntarily disclosed all the policies and notes to the accounts of the Master Fund to provide shareholders of the Company with a better insight.

The primary accounting policies for interest revenue and expense, dividend revenue and expense and cash and cash equivalents, are similar as in Note 2. Those policies which only relate to the Master Fund's financial statements are set out below. These policies have been consistently applied from the prior year to the current year for items which are considered material in relation to the financial statements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Classification

The Master Fund classifies its financial assets and liabilities in accordance with IFRS 9 into the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

The category of the financial assets and liabilities at fair value through the profit or loss is subdivided into:

Financial assets and liabilities held for trading

Financial assets are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. This category includes equity securities, investments in managed funds and debts instruments. These assets are acquired principally for the purpose of generating a profit from short term fluctuation in price. All derivatives and liabilities from the short sales of financial instruments are classified as held for trading.

Financial assets at fair value through profit or loss upon initial recognition

These include equity securities and debt instruments that are not held for trading. These financial assets are classified at FVTPL on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in each of their offering documents. The financial information about the financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Derivatives - Options

Derivatives are classified as held for trading (and hence measured at fair value through profit or loss), unless they are designated as effective hedging instruments (however the Company does not apply any hedge accounting). The Master Fund's derivatives relate to option contracts.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

The Master Fund purchases and sells put and call options through regulated exchanges and OTC markets. Options purchased by the Master Fund provide the Master Fund with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed-upon value either on or before the expiration of the option. The Master Fund is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written by the Master Fund provide the purchaser the opportunity to purchase from or sell to the Master Fund the underlying asset at an agreed-upon value either on or before the expiration of the option.

Options are generally settled on a net basis.

Derivatives relating to options are recorded at the level of the Master Fund. The financial statements of the Company do not reflect the derivatives as they form part of the net asset value (NAV.) of the Master Fund which is fair valued.

(ii) Financial assets at amortised cost

The Master Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Master Fund's financial assets at amortised cost comprise 'trade and other receivables' and 'cash and cash equivalents in the statement of financial position.

(iii) Other financial liabilities

This category includes all financial liabilities, other than those classified as fair value through profit or loss. The Master Fund includes in this category amounts relating to trade and other payables and dividend payable.

(a) Recognition

The Master Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised directly on the trade date, i.e., the date that the Master Fund commits to purchase or sell the asset.

(b) Initial measurement

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself classified as held for trading or designated at fair value though profit or loss. Embedded derivatives separated from the host are carried at fair value.

Financial assets at amortised cost and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(c) Subsequent measurement

The Master Fund measures financial instruments which are classified at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest earned elements of such instruments are recorded separately in 'Interest revenue'. Dividend expenses related to short positions are recognised in 'Dividends on securities sold not yet purchased'. Dividend income/distributions received on investments at FVTPL is recorded in "Net gain or loss on financial assets at fair value through profit or loss".

Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(iii) Other financial liabilities

(d) Subsequent measurement

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Master Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

Either (a) the Master Fund has transferred substantially all the risks and rewards of the asset, or (b) the Master Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Master Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Master Fund's continuing involvement in the asset.

The Master Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Determination of fair value

The Master Fund measures its investments in financial instruments, such as equities, debentures and other interest-bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measured is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Master Fund. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible. An analysis of fair values of financial instruments and further details as to how they are measured is provided in Note 6.

Impairment of financial assets

The Master Fund uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Master Fund recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Master Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised either on a 12-month or lifetime basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Master Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Master fund may also consider a financial asset to be in default when internal or external information indicates that the Master fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Master fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables, the Master Fund applies a simplified approach in calculating ECLs. Therefore, the Master Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. At the reporting date, the assessment of the Master Fund’s debt instruments which include trade and other receivables and cash and cash equivalents were considered as de minimis. As a result, no ECL has been recognised as any amount would have been insignificant.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as ‘at fair value through profit or loss’ and excludes interest and expenses. At the Master Fund Level, the fair value gains and losses exclude interest and dividend income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year’s unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as ‘at fair value through profit or loss’ are calculated using the Average Cost (AVCO) method. They represent the difference between an instrument’s initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Due to and due from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date at the Master Fund level. Refer to the accounting policy for financial liabilities, other than those classified at fair value through profit or loss for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for financial assets at amortised cost for recognition and measurement.

Interest revenue and expense

Interest revenue and expense are recognised in profit or loss for all interest-bearing financial instruments using the effective interest method.

Dividend revenue

Dividend revenue is recognised when the Master Fund’s right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss of the Master Fund.

6. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

6(a). Investment in subsidiaries at fair value

The Company has established Africa Opportunity Fund L.P., an exempted limited partnership in the Cayman Islands to ensure that the investments made and returns generated on the realisation of the investments made and returns generated on the realisation of the investments are both effected in the most tax efficient manner. All investments made by the Company are made through the limited partner which acts as the master fund. The limited partners of the limited partnership are the Company and AOF CarryCo Limited. The general partner of the limited partnership is Africa Opportunity Fund (GP) Limited. Africa Opportunity Fund Limited hold 100% of the Africa Opportunity Fund (GP) Limited.

	2022
	USD
Investment in Africa Opportunity Fund L.P.	**24,819,574**
Investment in Africa Opportunity Fund (GP) Limited	**3,648**
Total investment in subsidiaries at fair value	**24,823,222**
Fair value at 01 January	**26,095,345**
Reduction in investment in subsidiaries*	**(249,501)**
Net loss on investment in subsidiaries at fair value	**(1,022,622)**
Fair value at 30 June 2022	**24,823,222**

***** The reduction in investment in subsidiaries relates to capital withdrawn from the Master Fund by the Company.

6(b). Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) market prices in active markets for identical assets and liabilities.
Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Note: The assets and liabilities of the Master Fund have been presented but do not represent the assets and liabilities of the Company as the Master Fund has not been consolidated.

- **Fair value hierarchy of the Company**

	30 June 2022	Level 1	Level 2	Level 3
COMPANY		USD	USD	USD
Investment in subsidiaries	24,823,222	-	24,823,222	-

- **Fair value hierarchy of the Master Fund.**

The Company has investment in Africa Opportunity Fund L.P., the Master Fund, amounting to USD 24,823,222. The underlying investments of the Master Fund amounts to USD 20,917,390. Details on the financial assets and liabilities of the Master Fund and fair value hierarchy are as follows:

	30 June 2022	Level 1	Level 2	Level 3
		USD	USD	USD
MASTER FUND				

Financial assets at fair value through profit or loss				
Equities	20,793,464	14,958,151	5,835,313	-
Debt securities	123,926	123,926	-	-
	20,917,390	15,082,077	5,835,313	-

6(c). The valuation technique of the investment in subsidiaries at Company level is as follow:

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence, to ensure they are reasonable and appropriate and therefore the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Given that there has been no such adjustments made to the NAV of the underlying subsidiaries and given the simple structure of the subsidiaries investing over 85% in quoted funds, the Company classifies these investment in subsidiaries as Level 2.

6(d). The valuation technique of the investments at Master Fund level are as follows:

Equity and debt securities

These pertain to equity and debt instruments which are quoted for which there is a market price. As a result, they are classified within level 1 of the hierarchy except for the valuation of listed on the Zimbabwe Stock Exchange which have been classified as level 2 given that their quoted share price has been discounted as at 30 June 2022 as follows:

Valuation of investments listed on the Zimbabwe Stock Exchange

Beginning in June 2020, the Zimbabwe authorities suspended Old Mutual shares from the Zimbabwe Stock Exchange, necessitating the Company to devise an alternative transparent discount factor. The new discount factor is based on the official Zimbabwe Dollar exchange rate at the end of June 2019, when the Zimbabwe Dollar, became the sole legal tender in Zimbabwe, modified by the inflation differential between Zimbabwe and the United States captured in their respective monthly Consumer Price Indices (the US Consumer Price Index is that for urban consumers), then adjusted by the proportion of export proceeds that must be surrendered by Zimbabwean exporters to the Zimbabwe Reserve Bank. The initial surrender requirement was 20% of export proceeds, but the Company after previously utilising a 5% surrender requirement to reflect subsequent exemptions from this surrender requirement granted to some export industries has re-established the 20% requirement to adjust for Zimbabwean modifications to the official exchange rate. This discount factor changes every month. The consequence of applying this discount factor is that the Zimbabwe Dollar prices of the Company's investments listed on the Zimbabwe Stock Exchange were converted into US Dollars, as at 30 June 2022 at a discount rate of 36.8% (the discount rate was 45.5% as at 30 June 2021). The value of the Zimbabwe investments recorded in the books of the Company, after applying this discount factor, was USD 2,709,513 (2021 USD 9,963,667).

Written put options

These are traded on an active market and have a quoted market price. They have therefore been classified in level 1 of the hierarchy. As of 30 June 2022, the Company had no options outstanding.

Unquoted debt and equity investments

African Leadership University ("ALU") is a network of tertiary institutions, currently with operations in both Mauritius and Rwanda. The Investment Manager valued ALU on the basis of an observable arms-length transaction between existing shareholders selling a portion of their shares and an unaffiliated third party. The transactions were ratified at a Board meeting in June 2021, and thus were utilised as the basis of the valuation as at 31 December 2021. At 30 June 2022, the investment in ALU has been classified under level 2 because the value of the investment utilises the recent transaction.

6(e). Statement of profit or loss and other comprehensive Income of the Master Fund for the period from 1 January to 30 June 2022

The net losses on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2022 to 30 June 2022 amounted to USD 1,022,622, and net gains on investments in subsidiaries at fair value through profit or loss for the period from 1 January 2021 to 30 June 2021 amounted to USD 9,437,363 arising at the Master Fund and can be analysed as follows:

	For the period ended 30 June 2022
	USD
Income	
Interest revenue	**5,630**
Dividend revenue	**212,234**
Net gains on financial assets and liabilities at fair value through profit or loss	**(1,116,210)**
	(898,346)
Expenses	
Net foreign exchange loss	**52,175**
Custodian fees, brokerage fees and commission	**87,309**
Other operating expenses	**2,473**
	141,957
Operating gain before tax	**(1,040,303)**
Less withholding tax	**(1,570)**
Total Comprehensive gain for the period	**(1,041,873)**
Attributable to:	
AOF Limited (direct interests)	**(1,022,472)**
AOF Limited (indirect interests through AOF (GP) Ltd)	**(150)**
	(1,022,622)
AOF CarryCo Limited (NCI)	**(19,251)**
	(1,041,873)

The financial assets and liabilities of the Master Fund are analysed as follows:

(i) Net (losses)/gains on financial assets and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2022	For the period ended 30 June 2021
	USD	USD
Net (losses)/gains on fair value of financial assets at fair value through profit or loss	**(1,116,210)**	9,289,279
Net (losses)/gains	**(1,116,210)**	9,289,279

(ii) Financial asset and liabilities at fair value through profit or loss held by Africa Opportunity Fund L.P.

	For the period ended 30 June 2022	For the period ended 30 June 2021
	USD	USD
Held for trading assets:		
At 1 January	**24,015,367**	19,480,476
Disposal	**(1,981,767)**	(4,248,156)
Net (losses)/gains on financial assets at fair value through profit or loss	**(1,116,210)**	9,289,279
At 30 June (at fair value)	**20,917,390**	24,521,599
Analysed as follows:		
- Listed equity securities	**17,667,664**	20,734,697
- Listed debt securities	**123,926**	161,102
- Unlisted equity securities	**3,125,800**	3,625,800
	20,917,390	24,521,599

(iii) Net changes on fair value of financial assets at fair value through profit or loss

	For the period ended 30 June 2022	For the period ended 30 June 2021
	USD	USD
Realised	**(406,986)**	(1,295,832)
Unrealised	**(709,224)**	10,585,111
Total (losses)/gains	**(1,116,210)**	9,289,279

7. RECEIVABLES

	30 June 2022	30 June 2021
	USD	USD
Amounts due from Africa Opportunity Fund L.P.	**186,985**	116,675
Other receivables	**-**	183
Prepayments	**1,123**	1,074
	188,108	117,932

8. CASH AND CASH EQUIVALENTS

	30 June 2022	30 June 2021
	USD	USD
Other bank accounts	**50,103**	39,604

9(a). ORDINARY SHARE CAPITAL

	30 June 2022	**30 June 2022**	30 June 2021	30 June 2020
	Number	**USD**	Number	USD
Authorised share capital				
Ordinary shares with a par value of USD 0.01	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued share capital				
Ordinary shares with a par value of USD 0.01	**24,787,758**	**247,878**	24,787,758	247,878

The directors have the general authority to repurchase the ordinary shares in issue subject to the Company having funds lawfully available for the purpose. However, if the market price of the ordinary shares falls below the Net Asset Value, the directors will consult with the Investment Manager as to whether it is appropriate to instigate a repurchase of the ordinary shares.

9(b). NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	Ordinary Shares
	USD
At 1 January 2022	**26,077,193**
Changes during the period:	
Total comprehensive income for the period	(1,205,868)
At 30 June 2022	**24,871,325**
Net asset value per share at 30 June 2022	**1.003**

10. TRADE AND OTHER PAYABLES

	30 June 2022	30 June 2021
	USD	USD
Directors Fees Payable	**17,500**	17,500
Other Payables	**172,608**	204,333
	190,108	221,833

Other payables are non-interest bearing and have an average term of six months. The carrying amount of trade and other payables approximates their fair value.

11. EARNING PER SHARE

The earnings per share (EPS) is calculated by dividing the decrease in net assets attributable to shareholders by number of ordinary shares. The EPS for the period ended 30 June 2022 and 2021 represent both the basic and diluted EPS.

		Period from 1 January 2022 to 30 June 2022	Period from 1 January 2021 to 30 June 2021
		Ordinary shares	Ordinary shares
Change in net assets attributable to shareholders	USD	(1,205,868)	9,141,150
Number of shares in issue		24,787,758	24,787,758
Change in net assets attributable to shareholders per share	USD	(0.049)	0.369

12. ANALYSIS OF NAV OF MASTER FUND ATTRIBUTABLE TO ORDINARY SHARES

	30 June 2022	30 June 2021
ASSETS		
Cash and cash equivalents	4,842,108	853,233
Trade and other receivables	185,473	225,154
Financial assets at fair value through profit or loss	20,917,390	24,521,599
Total assets	25,944,971	25,599,986
EQUITY AND LIABILITIES		
Liabilities		
Trade and other payables	469,208	474,296
Amount payable to related party - AOF Ltd	186,985	116,675
Total liabilities	656,193	590,971
Net assets attributable to members' account	25,288,778	25,009,015

13. TAXATION

Under the current laws of Cayman Islands, there is no income, estate, transfer sales or other Cayman Islands taxes payable by the Company. As a result, no provision for income taxes has been made in the financial statements.

Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Withholding taxes are not separately disclosed in statement of cash flows as they are deducted at the source of the income.

14. SEGMENT INFORMATION

For management purposes, the Çompany is organised in one main operating segment, which invests in equity securities, debt instruments and relative derivatives. All of the Company’s activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

15. PERSONNEL

The Company did not employ any personnel during the period (2021: the same).

16. COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies at the reporting date.

17. SIGNIFICANT EVENTS

TERMINATION OF PRIME BROKER RELATIONSHIP

Credit Suisse (USA) LLC (the Prime Broker) made the determination it would leave the Prime Brokerage business. As a result of this decision, the Company began moving investments and cash from the Prime Broker to its existing custodian, Standard Chartered Bank (Mauritius). As the Company is undergoing the realisation investment strategy, the transfer of securities does not adversely impact the Company as it may under an investment strategy in which the use of margin is required for investment activities.

COVID-19 PANDEMIC

As Covid-19 continues to evolve new variants, the impacts, including a potential global, regional or other economic recession, continue to be uncertain and difficult to assess. Public health emergencies, including outbreaks of Covid-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Company, including the fair value of its investments. The current investment strategy and distribution policy, while mitigating some operational risks due to the enhanced levels of cash and cash equivalents as a consequence of the realisation efforts, does pose other challenges as the Investment Manager continues to attempt to maximise value while realising investments during this volatile environment. The Company and Africa Opportunity Fund, L.P. will continue to meet their working capital requirements and other obligations through utilisation of existing cash resources.

The Board and the Investment Manager are actively working towards assessing and minimizing risks to the Fund's portfolio; however, given the degree of uncertainty around the potential future course of Covid-19, it is not possible to accurately quantify the future impact on the portfolio at this time.

UKRAINE GEOPOLITICAL SITUATION

The Investment Manager notes that market disruptions, which began in February 2022, associated with geopolitical events related to the conflict between Russia and Ukraine may adversely affect the value of the Company's assets and thus the Company's performance. Management continues to monitor these events and to evaluate the related impacts, if any, to the Company.

18. SUBSEQUENT EVENTS

MANDATORY REDEMPTION

The Directors, at their sole discretion, can effect a compulsory redemption of the Ordinary Shares on an ongoing basis and will therefore undertake a staged return of capital to shareholders. On 28 June 2022, the Board of Directors of Africa Opportunity Fund Limited announced the mandatory redemption of 4,573,168 Ordinary shares. On 6 July 2022, the mandatory redemption was completed and AOF redeemed the 4,573,168 Ordinary Shares, on a pro rata basis, at the prevailing NAV per Ordinary Share of $0.984 as at 31 May 2022. Such shares were cancelled automatically following their redemption. Fractions of shares produced by the applicable redemption ratios have not been redeemed and so the number of shares redeemed in respect of each shareholder has been rounded down to the nearest whole number of shares. Payments of redemption proceeds were effected either through Euroclear or Clearstream (in the case of shares held in uncertificated form) or by cheque (in the case of shares held in certificated form) on or around 13 July 2022. Following the Mandatory Redemption, the Company has 20,214,590 Ordinary Shares in issue. As a result of the Mandatory Redemption described above, Robert Knapp and Myma Belo-Osagie, Directors of the Company now hold 3,263,346 and 27,008 Ordinary Shares, respectively. The redemption was funded through proceeds received from realising the assets of the Company.

Except as stated above, there are no other events after the reporting date which require amendments to and/or disclosure in these financial statements.

19. LIFE OF THE COMPANY

The Company does not have a fixed life but, as stated in the Company's admission document published in 2007, the Directors consider it desirable that Shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, Shareholders passed an ordinary resolution at an extraordinary general meeting of the Company on 28 February 2014 that the Company continues in existence.

In June 2019, the Directors convened an Annual General Meeting and an Extraordinary General Meeting where the following was passed:

Ordinary resolution that the requirement of the Company to propose the realisation opportunity be and is hereby waived.

- Ordinary resolution that the continuation of the existence of the Company be and is hereby approved.
- The text set out under "New Investing Policy" in paragraph 2 of Part III of the Company's circular to Shareholders dated 5 June 2019 (the "Circular") be and is hereby adopted as the new investment policy of the Company;
- The terms of the Amended and Restated Investment Management Agreement (as defined in the Circular) be and are hereby approved;
- The memorandum and the articles of association in the form initialled by the Chair of the meeting be adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association; and
- Any variation to the rights attaching to the Ordinary Shares in the Company pursuant to the adoption of the new memorandum and articles of association, and in particular the right for the Company to redeem the Ordinary Shares (including any redemptions made of 15 per cent. or more of the Company's issued share capital), be and is hereby approved.

In June 2022, the Directors convened an Extraordinary General Meeting where a two year Continuation Resolution was approved by the Shareholders, thus extending the existence of the Company until 20 June 2024.

In summary, shareholders voted to give the Company two additional years during which the Investment Manager will realise the portfolio in an orderly manner and distribute the proceeds to the shareholders.

A brief synopsis of the “New Investing Policy” is below: (Please review the Company’s Circular dated 5 June 2019 for a detailed and comprehensive description of the Policy):

The Company will make no new investments (save that it may invest in, or advance additional funds to, existing investments within the Company's portfolio to maximise value and assist in their eventual realisation). The Company will adopt the New Investment Policy whereby the Company's existing portfolio of investments will be divested in a controlled, orderly and timely manner to facilitate a staged return of capital.

It should be appreciated that there is no time horizon in terms of the implementation of the New Investment Policy. Although the Company's portfolio consists of some liquid equity holdings, the Company has illiquid investments and it may take the Investment Manager some time to realise these.